

## Message Text

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ACTION OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-08 L-03 COME-00 /028 W

-----181409Z 121090 /42

R 181054Z APR 77

FM AMEMBASSY ABU DHABI

TO SECSTATE WASHDC 5957

INFO AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

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DEPT PASS OPIC

E.O. 11652: N/A

TAGS : EINV, TC

SUBJECT : UAE ATTITUDE ON OPIC

REF: STATE 14653 (NOTAL)

1. SUMMARY: UAE MFA DESIRES, (1) TO KNOW STATUS OF OPIC DISCUSSIONS WITH OTHER GULF COUNTRIES; (2) TO EVALUATE OPIC-SAUDI AGREEMENT TEXT AND EXPERIENCE AND (3) TO RECEIVE LETTER FROM EMBASSY OUTLING BENEFITS FOR UAE, IF IT WERE TO CONCLUDE AGREEMENT. BASIC ATTITUDE IS STILL MILD SKEPTICISM ABOUT NEED FOR OPIC AGREEMENT. END SUMMARY.

2. EMBOFF CALLED ON ECONOMIC ADVISOR TO MFA APRIL 10 IN CONTINUATION OF DISCUSSIONS ON DRAFT OPIC AGREEMENT ACCEPTABILITY TO UAE. FUNDAMENTAL FEELING REMAINS THAT UAE IS DOING QUITE ALL RIGHT WITHOUT GIVING ANY "ADVANTAGE" TO AMERICAN FIRMS. STUDY OF AGREEMENT HAS LED THEM TO CONCLUDE THAT UAE WOULD ACCEPT

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POTENTIALLY HAZARDOUS OBLIGATION TO LET USG STEP INTO US FIRM'S SHOES IN EVENT OF DISPUTE AND IN RETURN WOULD GET NOTHING MUCH OF VALUE.

2. EMBOFF POINTED OUT REAL MONETARY VALUE TO UAE OF INCREASED COMPETITION FOR PROJECTS AND LOWER COSTS TO US FIRMS WHICH WOULD BE REFLECTED IN THEIR BIDS,

IF OPIC INSURANCE WERE AVAILABLE TO THEM. IN RESPONSE, MFA OFFICIAL (SHUKRY) COUNTERED THAT IF WE CHOSE TO HELP US FIRMS THAT IS UP TO US. RECOGNIZING THAT BID AND PERFORMANCE BOND TO TENDERER WAS PROBLEM, HE OBSERVED PRELIMINARY DISCUSSIONS WITHIN UAEG ARE UNDERWAY ABOUT POSSIBLE MEANS TO REDUCE BURDEN IN WAY WHICH WOULD TREAT ALL COUNTRIES EQUALLY. SHUKRY FELT THAT FACT THAT THESE DISCUSSIONS ARE BEGINNING MAY UNDERCUT ANY WILL TO TAKE "UNILATERAL ACTION FAVORING US COMPANIES".

3. SHUKRY SUGGESTED, IF AGREEMENT WERE REALLY IN INTEREST OF OIL RICH STATES LIKE UAE, THAT OTHERS WOULD HAVE COMPLETED EXERCISE ALREADY. FOR THIS REASON, HE REQUESTED DETAILED INFO ON STATUS OF OPIC AGREEMENTS WITH KUWAIT AND QATAR AND ALSO TEXT OF AGREEMENT AND ANY RELEVANT INFORMATION ABOUT EXPERIENCE UNDER IT IN SAUDI ARABIA. HE ALSO ASKED FOR EMBASSY LETTER GIVING ARGUMENTS WHY UAE SHOULD SIGN WHICH WERE RELEVANT TO IT AND NOT REPEAT NOT TO AN "LDC".

4. COMMENT: EXCHANGE WAS ALONG LINES SIMILAR TO OUR PAST DISCUSSIONS. OVERBURDENED, COMPETENT PEOPLE IN MFA ARE LEERIE ABOUT TAKING ON WORK CONCERNING SOMETHING WHICH LOOKS UNNECESSARY. ON OTHER HAND, CONVINCING GULF PRECEDENTS AND BASIC ELEMENTS FOR RECOMMENDATION TO FOREIGN MINISTER MAY BE ENOUGH TO OVERCOME INITIAL LIMITED OFFICIAL USE

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DISTASTE.

5. ACTION REQUESTED: (1) INFO ON STATUS OF KUWAIT, QATAR AND ANY OTHER RELEVANT OPIC NEGOTIATIONS WITH OIL RICH COUNTRY; (2) TEXT OF SAUDI-OPIC AGREEMENT AND RELEVANT EXPERIENCE UNDER IT, AND (3) SUGGESTED ARGUMENTATION FOR REQUESTED MFA LETTER.  
DICKMAN

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NNN

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN INVESTMENT, INVESTMENT GUARANTEES, TAX AGREEMENTS  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**Disposition History:** n/a  
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**Enclosure:** n/a  
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**Litigation History:**  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 STATE 14653  
**Retention:** 0  
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**Subject:** UAE ATTITUDE ON OPIC  
**TAGS:** EINV, TC, OPIC  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
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